



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Ed Shikada

SUBJECT: SEE BELOW

DATE: December 9, 2010

Approved

Date

12/10/10

COUNCIL DISTRICT: City-Wide
SNI AREA: N/A

**SUBJECT: RESOLUTION TO EXTEND AGREEMENT WITH TEAM SAN JOSÉ FOR
CONVENTION AND VISITOR BUREAU (CVB) SERVICES FOR 60 DAYS.**

REASON FOR ADDENDUM

The current Convention and Visitors Bureau (CVB) agreement is set to expire on December 31, 2010. Staff is requesting a 60-day extension to ensure no interruption in services provided by the CVB, and align to the timeframe for Council consideration of revised terms for the convention and cultural facilities agreement approved on December 7, 2010.

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute an amendment to the existing Second Amended and Restated Agreement between the City of San Jose and the San Jose Convention & Visitors Bureau until February 28, 2011, with a compensation for the extension period not to exceed \$700,000.

OUTCOME

Approval by City Council of the recommendation will result in extension of the existing agreement with Team San José ("TSJ") for Convention and Visitor Bureau ("CVB") services until February 28, 2011.

BACKGROUND

Launched in 2004, Team San Jose is a non-profit management corporation that operates the San Jose Convention Center and cultural venues such as South Hall, Parkside Hall, San Jose Civic,

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California Theatre, Center for the Performing Arts and Montgomery Theater, and serves as the convention and visitors bureau for San Jose.

At its January 27, 2009 meeting the City Council approved the agreement for the management of the Convention Center and Cultural Facilities with TSJ for an additional five-year term. The City Council memorandum for that action explained that TSJ and CVB were working to merge into one corporation but that there would still need to be two separate agreements; one for management of facilities and one for CVB/marketing and sales services. TSJ and the CVB merged on February 1, 2009.

The Management Agreement with TSJ has a term beginning on July 1, 2009 and ending June 30, 2014. The current CVB agreement was executed in 2005 and ended June 30, 2010. Since June, the Council has approved two 90-day extensions of the current agreement, under the same terms and conditions, to allow the City and TSJ additional time to negotiate a new contract.

On December 7, 2010 the City Council directed the City Manager to negotiate with Team San Jose to amend the current Management Agreement to meet several objectives. Upcoming negotiations related to the Management Agreement could affect the agreement for CVB services.

ANALYSIS

While negotiations are largely complete, staff is recommending an additional 60 days extension of the old agreement, under the same terms and conditions, with commensurate compensation under their approved budget. Given the upcoming negotiations regarding the Management Agreement, staff believes it would be appropriate to advance both agreements to the City Council for consideration in February 2011.

It is recommended that \$700,000 be allocated for this extension to ensure that funds are available to pay expenses during extension. This will ensure no interruption in services provided by the CVB.

EVALUATION AND FOLLOW-UP

City staff will return to the City Council before February 28, 2011 with the agreement between the City and Team San Jose for Convention and Visitors Bureau Services.

POLICY ALTERNATIVES

Not applicable.

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PUBLIC OUTREACH/INTEREST

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

The content of this staff report has been prepared by the City Manager's Office in coordination with the City Attorney's Office, Budget Office, Finance Department, Human Resources Risk Management section and Airport. In addition coordination included staff from the merged TSJ and CVB organization and TSJ/CVB legal counsel.

COST SUMMARY/IMPLICATIONS

In the 2010-2011 Operating Budget, funds are allocated to the Convention and Visitor's Bureau in the General Fund (\$1,094,267) and the Transient Occupancy Tax Fund (\$2,702,250). This action, therefore, will not result in additional expenses for the City and will allow for staff to complete analysis on the 2009-2010 overage before moving forward with a long-term commitment with TSJ for CVB services.

CEQA

Not a Project, File No.PP10-066 (e), Agreements/Contracts.



EDWARD K. SHIKADA
Assistant City Manager

For questions please contact Lee Wilcox, Downtown Manager, at 408-535-8172.